

# INITIAL COMMON QUESTIONS AND POSSIBLE ANSWERS

3/30/06

## GENERAL

When does the new law take effect? **January 1, 2007, however, Section 36 of the MBPA allows DFI to begin the process of implementation now.**

What is a loan originator? **See definition.**

I'm a processor/closer, do I need to get a license? **Probably not, see definition.**

Can I work for more than one company? Yes, but there may be limitations imposed by rule. Also, an LO can only originate a loan for one MB and that MB must be identified on the application.

Do I have to get my own insurance to be a loan originator? No. The MB bond must cover you.

Can I work from my home as an independent loan originator? Only if your home is licensed as a branch.

Do I have to have my own trust account to be a loan originator? No. You are prohibited from accepting or holding trust funds. Limited exception.

Does WA have reciprocity licensing agreements with OR, CA, ID, etc? (i.e. I've got a license in one or more of these states, do I need a lic in WA to do loans or can I use my OR, CA, ID, etc. lic?). **You must be licensed in Washington.**

If the LO lives in another state, must he/she get the "local" version of the LO license/registration before applying/getting the WA LO license? **No.**

Do I have to stop doing business if I don't have a loan originator license by 1/1/07? **Yes.**

Is it required that I pay my loan originators by 1099? **No, in fact your loan originators must be true independent contractors to be paid by 1099.**

Are LOs exempt from LO-licensing if they work for exempt MB company? **In most cases yes, but there may be exceptions to this rule.**

Does it matter if the LO is W-2 versus 1099 with the exempt company? **Yes. If the 1099 independent contractor is operating their own business, they may not be eligible for exemption.**

## LICENSING AND TESTING

How do I get licensed as a 'loan officer'? **This question will be answered by the rules we are drafting.**

Will there be testing? **Yes.**

What's on the test? To be determined by rule.

Can I get a copy of it? Possibly. This has yet to be determined.

Do you have study materials? No, however the test questions may trigger study guides.

If I already took the DB exam do I have to take the loan originator exam? No. A DB exam will always suffice for a LO exam whether you have served as a DB or not.

Must I have kept up with my CE to have my original DB exam count? To be determined by the rules, however, it is likely that test will be considered a one time event.

Do I have to come here to take the exam or will it be offered other places? WAMB's website contains a press release that says "...[EHB2340] requires [LO] travel to WA for testing & [CE]..." Is this true-the LO test & CE will only be administered inside WA's borders? **To be determined by the rules.**

How much will it cost? **To be determined by rule. Possibly \$25.**

If I fail the exam how long do I have to wait to retake it? **To be determined by rule.**

Will I be charged again to retake the test if I fail? **To be determined by rule, but likely you will have to pay each time.**

Can the test be taken at the same locations as the Real Estate License test location? **Where the test will be given is part of the rules writing process.**

Who pays for the license? **The loan originator.**

How much will a license cost? **\$100 to \$125, or as determined by rule.**

If I've been convicted of a felony in another state, but in WA it's a misdemeanor (i.e. drunk driving), do I check yes convicted of a felony, or no? **You would answer "yes."**

What happens if the LO had a felony conviction [w/in 7 yrs] as a juvenile? **A felony is a felony.**

Does the felony clock (7 years) start at arrest date or conviction date? **Conviction date.**

Can I get a conditional license if my criminal record/credit record is poor? **There will be no conditional licenses issued. However, it is unlikely that credit history will be an impediment to licensing LOs.**

How bad can your credit be and still get a loan originator license? **See question above.**

Are there going to be education/experience requirements for loan originator? If so, what are the 'clock hours'? **No experience requirements for LO, however there will be continuing education clock hours as determined by rule.**



Will LOs be able to take Realtor courses for CE? **Probably not initially.**

Where can I get education? **Professional associations as determined by rule.**

Can renewals be every two years as with Realtors? **No, the law dictates annual renewal.**

## EXAMINATIONS

What can I expect from the examination process? **If you have been issued any main or branch license within five years of January 1, 2007, then that location will be subject to examination. We expect to examine up to 10% of the licensed locations per year.**

Will it cost me to be examined? There will be no examination fees. If you are an out of state location you will be required to pay travel costs.

How much of a time burden should I expect from an examination? A few hours initially to answer an examination questionnaire and get files ready for examination. A small team (1-2 people) of examiners will be onsite for approximately two days. You will be provided with the examination results and you should expect to invest a few more hours in responding to the examination findings.